

Message Text

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ACTION EA-12

INFO OCT-01 NEA-10 H-01 ISO-00 AID-05 CIAE-00 COME-00
EB-08 FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 /074 W
-----103666 121649Z /10

R 120200Z JUL 78

FM AMEMBASSY PORT MORESBY

TO SECSTATE WASHDC 3467

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMCONSUL HONG KONG

AMEMBASSY ISLAMABAD

AMEMBASSY JAKARTA

AMEMBASSY KABUL

AMEMBASSY KATHMANDU

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY NEW DELHI

AMEMBASSY RANGOON

AMEMBASSY SEOUL

AMEMBASSY SINGAPORE

AMEMBASSY SUVA

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

AMEMBASSY VIENTIANE

AMEMBASSY WELLINGTON

LIMITED OFFICIAL USE SECTION 1 OF 2 PORT MORESBY 1064

E.O. 11652: N/A

TAGS: EGEN, ETRD, BEXP

SUBJECT: US PROCUREMENT FROM ASIAN DEVELOPMENT BANK

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REF: STATE 155300

1. SUMMARY: EARLY NOTICE OF UPCOMING PROJECTS ENCHANCES
OPPORTUNITIES OF U.S. PROCUREMENT FROM ADB. ESTABLISHMENT
OF SPECIAL COMMERCIAL OFFICER IN USADB COULD BE
HELPFUL, BUT DEPARTMENT SHOULD ASK EMBASSIES TO
GIVE PRIORITY TO ADB PROJECTS. ENCOURAGEMENT OF

AMERICAN TRADING COMPANIES WOULD BE USEFUL AS WOULD REGIONAL DISTRIBUTION OF TRADE OPPORTUNITY NOTICES. END SUMMARY.

2. EMBASSY WELCOMES DEPARTMENT'S INTEREST IN INCREASING U.S. PROCUREMENT OF ADB CONTRACTS AS THIS HAS BEEN A MAJOR PROJECT OF THE EMBASSY FOR THE PAST YEAR. THE DIFFICULTY IN PNG HAS BEEN THE RELUCTANCE OF SOME GPNG OFFICIALS TO FOLLOW ADB PROCUREMENT REGULATIONS. OFTEN THE EMBASSY RECEIVED TENDERS WITH LESS THAN THE 90 DAY REQUIRED NOTICE OR WAS NOT NOTIFIED AT ALL. GPNG OFFICIALS WERE OFTEN RELUCTANT TO ANSWER REQUESTS FOR MORE INFO. WITH THE HELP OF USADB, PROTESTS WERE MADE TO THE ADB STAFF WHO IN TURN EXPRESSED THEIR UNHAPPINESS TO GPNG OFFICIALS. THE RESULTS WERE QUITE GRATIFYING. THE EMBASSY NOW RECEIVES ANNOUNCEMENTS WITH APPROPRIATE LEAD TIME AND FINDS GPNG OFFICIALS OFTEN VOLUNTEERING ADDITIONAL INFORMATION. THE EMBASSY IS NOW ABLE TO PROVIDE CONTRACT INFORMATION MUCH SOONER TO AMERICAN FIRMS AND, AS A RESULT, HAS FOUND A CONSIDERABLE INCREASE IN THE NUMBER OF AMERICAN FIRMS EXPRESSING INTEREST IN BIDDING ON ADB PROJECTS.

3. THE EMBASSY IS IN AGREEMENT WITH MANY OF THE COMMENTS MADE BY OTHER POSTS. IT IS PARTICULARLY IMPORTANT THAT U.S. CONSULTING ENGINEERS BECOME INVOLVED IN THE VERY EARLIEST STAGES OF PROJECT DEVELOPMENT. THE CONSULTING ENGINEERS NOT ONLY WRITE SPECIFICATIONS FOR PROJECTS BUT LIMITED OFFICIAL USE

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CAN OFTEN REDEFINE THE PROJECT'S ENTIRE CONCEPT. THEY CANNOT HELP BUT HAVE AN INFLUENCE ON BOTH THE TYPE AND SOURCE OF EQUIPMENT EVENTUALLY PURCHASED. UNLIKE MANY OTHER TYPES OF U.S. FIRMS, AMERICAN CONSULTANTS APPEAR WILLING TO RESPOND TO OVERSEAS OPPORTUNITIES. THE U.S. GOVERNMENT CAN HELP IN THIS PROCESS BY GIVING U.S. CONSULTANTS EARLY WARNING OF POSSIBLE PROJECTS. OFTEN THE WARNING NEEDS TO COME BEFORE THE ADB IS EVEN INVOLVED, AS MANY PROJECTS ARE ALREADY WELL DEVELOPED BEFORE THE ADB IS FIRST APPROACHED FOR FINANCE. OTHER TIMES IT IS THE ADB TECHNICIANS THEMSELVES THAT SUGGEST PROJECTS. IN THE LATTER CASE, USADB COULD BE VERY USEFUL IN PROVIDING AN EARLY WARNING TO BOTH THE EMBASSY AND THE U.S. BUSINESS COMMUNITY.

4. THE MONTHLY OPERATIONS REPORT OF THE ADB GIVES THE EMBASSY EARLY WARNING ON UPCOMING PROJECTS BUT PROVIDES NO DETAILS. OBTAINING ADDITIONAL INFORMATION OFTEN REQUIRES A CONSIDERABLE AMOUNT OF TIME AND EFFORT ON THE PART OF EMBASSY E/C SECTION. THIS EFFORT MUST, OF COURSE, COMPETE WITH OTHER PRIORITIES FOR COMMERCIAL OFFICER'S TIME. WE DO NOT BELIEVE THAT THE DEPARTMENT SHOULD ASK

EMBASSIES TO GIVE PRIORITY TO ADB PROJECT PROCUREMENT
BECAUSE THERE ARE OFTEN OTHER PROJECTS EQUALLY OR MORE
IMPORTANT FOR U.S. FIRMS. EMBASSY STAFFS ARE IN BEST
POSITION TO MAKE SUCH A JUDGMENT. THIS JUDGMENT
COULD BE FACILITATED, HOWEVER, BY MORE INFO FROM MANILA.
A SPECIAL COMMERCIAL OFFICER ATTACHED TO USADB COULD
PROVIDE THIS INFO. SUCH A POSITION SHOULD BE STAFFED BY
AN EXPERIENCED OFFICER WITH A THOROUGH KNOWLEDGE OF U.S.
INDUSTRY CAPABILITIES. SOMEONE WITH EXPERIENCE IN
BOTH AN EMBASSY AND IN MEPD MIGHT BE BEST CHOICE.

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R 120200Z JUL 78

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INFO AMEMBASSY BANGKOK

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5. YEARLY MEETING OF COMMERCIAL OFFICERS AS SUGGESTED
IN REFTEL WOULD BE USEFUL BUT AN OCCASIONAL VISIT TO
POST BY SPECIAL COMMERCIAL OFFICER WOULD SERVE MUCH THE
SAME FUNCTION. THIS COULD BE SUPPLEMENTED BY A ONE-DAY
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DISCUSSION AT BI-ANNUAL E/A COMMERCIAL OFFICERS MEETING.

6. WE ALSO AGREE WITH OTHER EMBASSIES' COMMENTS THAT IT
IS VERY IMPORTANT FOR U.S. FIRMS TO HAVE A MAN ON THE
SCENE WHEN BIDDING ON ADB TENDERS. IN THE PAST YEAR WE
HAVE SEEN SEVERAL U.S. FIRMS LOSE OUT ON POTENTIAL
CONTRACTS SIMPLY BECAUSE THEY DID NOT HAVE A LOCAL AGENT OR
DID NOT VISIT THE COUNTRY THEMSELVES. U.S. FIRMS BIDDING ON
PNG CONTRACTS WITHOUT LOCAL AGENTS ARE ALMOST NEVER
SUCCESSFUL.

7. THE EMBASSY'S LAST ECONOMIC TRENDS REPORT POINTED
OUT OPPORTUNITIES FOR U.S. TRADING FIRMS IN PNG. RECENTLY
SUCH A FIRM SPECIALIZING IN HIGH TECHNOLOGY PROJECTS
ESTABLISHED OPERATIONS HERE. THEY HAVE ALREADY WON SEVERAL
NON-ADB CONTRACTS AND ARE PROJECTING SALES OF \$25-35
MILLION IN THE NEXT THREE YEARS. SMALLER FIRMS OF MORE
GENERAL NATURE COULD SUBSTANTIALLY INCREASE TRADE IN THE
PACIFIC IN GENERAL AS WELL AS HELP IN PROCURING ADB
CONTRACTS. THE BRITISH AS WELL AS THE JAPANESE HAVE
HAD MAJOR SUCCESSES USING THIS APPROACH IN PNG AND HAVE
MADE MAJOR INROADS.

8. MANY AGENTS OF U.S. FIRMS ABROAD ARE MUCH MORE
SENSITIVE TO EXPORT OPPORTUNITIES TO THIRD
COUNTRIES THAN ARE THEIR PARENT COMPANIES. TO ASSIST
THEIR EFFORTS WE WOULD LIKE TO SUGGEST THAT A SYSTEM
BE DEvised TO DISSEMINATE INFORMATION ON TRADE OPPORTUNITIES
THROUGHOUT THE REGION. WE REALIZE THAT MANY POSTS ARE ALREADY
DOING THIS ON AN INFORMAL BASIS, (JAKARTA HAS
PROVIDED SOME ASSISTANCE TO PORT MORESBY, BUT A MORE
FORMAL SYSTEM WOULD PROVIDE BETTER COVERAGE. WE
SEE NO REASON NOT TO CHARGE ON A COST RECOVERY BASIS.
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